

**NIGERIAN EXPORT-IMPORT BANK  
ANNUAL REPORT  
31 DECEMBER 2023**

<b>Table of contents</b>	<b>Page</b>
Corporate information	2
Directors' report	3
Statements of directors' responsibilities for the preparation of financial statements	5
Corporate responsibility for financial reports	6
Report of the independent auditors	7
Statements of comprehensive income	10
Statements of financial position	11
Statements of changes in equity	12
Statements of cash flows	13
Notes to the financial statements	14
<b><i>Other national disclosures</i></b>	49
Statement of value added	50
Five-year financial summary	51

## CORPORATE INFORMATION

---

### Board of Directors

The Board of Directors was dissolved by the President, Federal Republic of Nigeria on 16 June 2023

Registered Office	NEXIM House Plot 975, Cadastral Zone AO Central Business District Garki, Abuja
Auditor	KPMG Professional Services KPMG Towers Bishop Aboyade Cole Street Victoria Island, Lagos.
Bankers	Access Bank Plc Heritage Bank Central Bank of Nigeria Citibank Nigeria Limited Ecobank Nigeria Limited Keystone Bank Polaris Bank Unity Bank Plc Standard Chartered Bank of Nigeria Limited SunTrust Bank Wema Bank Plc United Bank Of Africa
Solicitor	Equinox LLP Solicitors and Advocates Ecoo Solicitors Shola Animashaun & Co Femi Atoyebi (SAN) & Co Babatunde Ogala & Co Hoick & Duke Chuma Ajaegbu & Co Odeh Edekpola & Associates S.S Gezawa & Co Dikko & Mohmoud Ledvile Solicitors Abais Law Firm Lawseed & Partners M.A Banire & Associates D.D Dodo & Co Chamber of Moh'd Shuaib CLP Legal Kanmi Gbadamosi & Associates Habeeb & Co A.A Ibrahim (SAN) & Co. B.L Aliyu & Associates Prime Juris Path Solicitors Alliance Law Firm Umar & Co. Ogugua Ojeh & Co D.D Fiderikumo & Co The Dodo's Attorneys Associates Attorneys Metropolitan Law Firm

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors present their report on the affairs of Nigerian Export-Import Bank ("the Bank") together with the auditor's report for the year ended 31 December 2023

**(a) Legal form and principal activities**

The Nigerian Export-Import Bank ("NEXIM" or the "Bank") was established by Act 38 of 1991 as an Export Credit Agency (ECA). The Bank, which replaced the Nigerian Export Credit Guarantee & Insurance Corporation earlier set up under Act 15 of 1988, has the following main statutory functions: provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports.

The Bank presently provides short and medium-term loans to Nigerian exporters. It also provides short term guarantees for loans granted by Nigerian banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

NEXIM is a bank incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja.

The Bank was established to carry on the business of provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports.

**(b) Operating results**

Highlights of the Bank's operating results for the year are as follows:

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
<b>Profit before tax</b>	13,175,854	6,225,296
Income tax expense	-	-
<b>Profit after tax</b>	13,175,854	6,225,296

**(c) Dividends**

The bank did not pay any dividend during the year (2022: Nil)

**(d) Directors and their interests**

The directors of the Bank who held office during the year were as follows:

**Names**

Mr. Abubakar Abba Bello	Managing Director/CEO
Dr. Bala Mohammed Bello	Executive Director
Hon. Mrs. Stella Okotete	Executive Director
Mrs. Lydia S. Jafiya, mni**	Chairman, Board Committee (Perm Sec, Federal Ministry of Finance)
Dr. Kingsley Obiora	Chairman*
Mr. Philip Yila Yusuf	Non-Executive Director*
Alhaji Ali Mohammed	Non-Executive Director*
Alhaji Baba Gana Alkali	Non-Executive Director*
Mal. Kabiru Hassan	Non-Executive Director*
Mrs. Ufuoma Onome Emore	Non-Executive Director*

\* Dissolution of board of directors was effective 16 June 2023.

\*\* The financial statements was approved on 22 May 2024 by the Honourable Minister of Finance and Coordinating Minister of the Economy in his capacity as Chairman in the absence of a statutory Board.



**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**(e) Directors shareholding**

In line with Section 2 Subsection 1 of the Nigerian Export-Import Bank Act (NEXIM Bank Act) 1991, the authorised share capital of the Bank is subscribed equally by the Government of the Federation through the Ministry of Finance Incorporated and the Central Bank of Nigeria. In line with Section 2 Subsection 2, no new shareholders were approved, and there was no Director that held shares in the Bank during the year.

**(f) Directors' interests in contracts**

None of the Directors had direct or indirect interests in contracts or proposed contracts with the Bank during the year.

**(g) Property and equipment**

Information relating to changes in property and equipment is given in Notes 21 to the financial statements. In the Directors' opinion, the realisable value of the Bank's properties is not less than the value shown in the financial statements.

**(h) Substantial interest in shares:**

According to the register of members as at 31 December 2023, two shareholders hold the issued share capital of the Bank:

Shareholder	Number of Shares held	Percentage of Shareholding
Ministry of Finance Incorporated (MOFI)	25,000,000	50%
Central Bank of Nigeria (CBN)	25,000,000	50%
	50,000,000	100

**(i) Donations and charitable gifts**

The Bank donated N4.6 million to the Petroleum Technology Association of Nigeria (PETAN) during the year (2022: Nil)

**(j) Human resources**

**Health, safety and welfare at work**

The Bank places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided for employees and their immediate families at the Bank's expense, up to stated limits.

**Employment of disabled persons**

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from disabled persons.

All employees, whether or not disabled are given equal opportunities to develop.

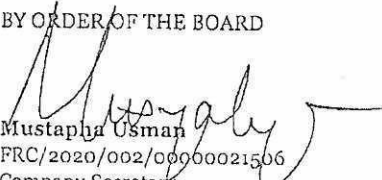
**Employee consultation and training**

The Bank places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Bank. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Bank. The Bank organises in-house and external training for its employees.

**(k) Auditors**

The Auditors, Messrs. KPMG Professional Services have indicated their willingness to continue in office as auditors to the Company having satisfied the relevant corporate governance corporate governance rules on their tenure in office. In accordance with Section 20.2 of the Nigerian Code of Corporate Governance, therefore, the auditors will be re-appointed at the next General Meeting of the Bank without any resolution being passed.

BY ORDER OF THE BOARD

  
Mustapha Usman  
FRC/2020/002/00000021506  
Company Secretary  
Abuja, Nigeria  
22 May 2024

**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS AS AT  
31 DECEMBER 2023**

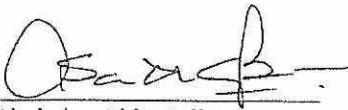
---

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the provisions of the NEXIM Act of the Federation of Nigeria 1991, Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the provisions of the NEXIM Act of the Federation of Nigeria 1991, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

**SIGNED ON BEHALF OF THE DIRECTORS BY:**



Abubakar Abba Bello  
Managing Director/CEO  
FRC/2018/IOD/00000001866  
22 May 2024



Ibrahim Khalil Gaga  
Executive Director, Corporate Services  
FRC/2022/PRO/NBA/004/00000024054  
22 May 2024

## CORPORATE RESPONSIBILITY FOR FINANCIAL REPORTS

---

The Managing Director and the Executive Director, Corporate Services of NIGERIAN EXPORT-IMPORT BANK have reviewed the audited financial statements and accept responsibility for the financial and other information within the financial statements.

The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Bank are hereby provided below:

### Financial Information

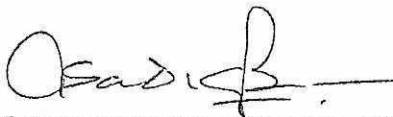
- (a) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- (b) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for the year ended 31 December 2023

### Effective Internal Controls

- (a) Effective internal controls have been designed to ensure that material information relating to the Bank are made known by the relevant staff, particularly during the period in which the audited financial statement report is being prepared.
- (b) The effectiveness of the Bank's Internal controls have been evaluated within 90 days prior to 31st December 2023.
- (c) The Bank's Internal Controls are effective as at 31st December 2023.

### Disclosures

- (a) There were no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarize and report financial data. Furthermore, there were no identified material weaknesses in the Bank's Internal Control systems.
- (b) There were no fraud events involving Senior Management or other employees who have a significant role in the Bank's Internal control.
- (c) There were no significant changes in internal controls or in other factors that could significantly affect internal controls.



---

Abubakar Abba Bello  
Managing Director/CEO  
FRC/2018/IOD/00000001866  
22 May 2024



---

Ibrahim Khalil Gaga  
Executive Director, Corporate Services  
FRC/2022/PRO/NBA/004/00000024054  
22 May 2024



**KPMG Professional Services**  
KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMG 40014, Falomo  
Lagos

Telephone 234 (1) 271 8955  
234 (1) 271 8599  
Internet home.kpmg/ng

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nigerian Export Import Bank

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Nigerian Export Import Bank (the Bank), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Nigerian Export Import Bank Act (NEXIM Act), 1991, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

#### **Other Information**

The Directors are responsible for the other information. The other information comprises the corporate information, Directors' report, Statement of directors' responsibilities and other national disclosures, but does not include the financial statements and our auditor's report thereon.

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registered in Nigeria No BN 086925

A list of partners is available for inspection at the firm's address.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the NEXIM Act of the Federation of Nigeria 1991, (NEXIM Act), 1991 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023 the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify



our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
- iii. The Bank's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns.

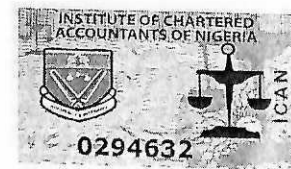
*Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria Circular BSD/1/2004*

- i. The Bank did not pay any penalties during the year ended 31 December 2023.
- ii. Related party transactions and balances are disclosed in Note 29 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

**Signed:**

Elijah Oladunmoye, FCA  
FRC/2013/ICAN/00000019769  
For: KPMG Professional Services  
Chartered Accountants

25 June 2024  
Lagos, Nigeria



**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

*In thousands of Nigerian Naira*

	Note	31 December 2023	31 December 2022
Interest income calculated using effective interest method	7	19,723,713	13,507,118
Interest expense	8	(3,437,395)	(2,612,354)
<b>Net interest income</b>		<b>16,286,318</b>	<b>10,894,764</b>
Impairment charges	9	(7,759,516)	(423,146)
<b>Net interest income after impairment charge for credit losses</b>		<b>8,526,802</b>	<b>10,471,618</b>
Fee and commission income	10	5,890	15,809
Other operating income	11	15,078,827	3,690,190
<b>Operating income</b>		<b>23,611,519</b>	<b>14,177,617</b>
Personnel expenses	13	(4,038,086)	(3,295,545)
Depreciation of property, plant and equipment	21	(259,780)	(206,100)
Depreciation of right of use assets	23	(38,787)	(19,511)
Amortisation of intangible assets	22	(62,841)	(36,259)
Other operating expenses	12	(6,036,171)	(4,394,906)
<b>Operating expenses</b>		<b>(10,435,665)</b>	<b>(7,952,321)</b>
<b>Profit for the year</b>		<b>13,175,854</b>	<b>6,225,296</b>
<b>Other comprehensive income:</b>			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
<b>Net fair value losses on financial assets at FVOCI</b>			
-Net gain on equity instruments designated as FVTOCI	19	24,571,874	73,785
-Re-measurement gain/(loss) on defined benefit plans	26	616,759	(22,191)
<b>Other comprehensive income for the year</b>		<b>25,188,633</b>	<b>51,594</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>38,364,487</b>	<b>6,276,890</b>
Basic/diluted earnings per share (kobo)	15	26.35	12.45

*The accompanying notes form an integral part of these financial statements.*

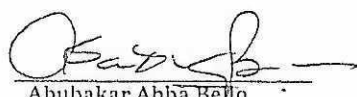
STATEMENT OF FINANCIAL POSITION

as at

In thousands of Nigerian Naira

	Note	31 December 2023	31 December 2022
<b>ASSETS</b>			
Cash and bank balances	16	9,206,600	12,675,746
Due from banks	17	97,098,064	64,991,028
Loans and advances to customers	18	155,826,925	146,759,620
Equity instruments at FVOCI	19	32,269,084	6,572,584
Other assets	20	860,138	829,952
Property, plant and equipment	21	2,961,585	2,992,890
Right-of-use assets	23	121,379	56,065
Intangible assets	22	140,770	168,273
Net employee defined benefit assets	26	2,854,330	2,363,743
<b>Total assets</b>		<b>301,338,875</b>	<b>237,409,901</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Debt securities issued and other borrowed funds	24	197,583,685	175,444,672
<b>Current liabilities</b>			
Other liabilities	25	16,843,739	13,418,265
<b>Total liabilities</b>		<b>214,427,424</b>	<b>188,862,937</b>
<b>EQUITY</b>			
Share capital	27	50,000,000	50,000,000
Accumulated loss	27	(3,258,173)	(42,587,355)
Regulatory risk reserve	27	12,348,543	37,885,112
Fair value reserve	27	27,321,081	2,749,207
Other reserve	27	500,000	500,000
<b>Total equity</b>		<b>86,911,451</b>	<b>48,546,964</b>
<b>Total equity and liabilities</b>		<b>301,338,875</b>	<b>237,409,901</b>

The financial statements were approved by the Board of Directors on 22 May 2024 and signed on its behalf by:




Abubakar Abba Bello  
Managing Director  
FRC/2018/IOD/00000018666



Ibrahim Khalil Gaga  
Executive Director, Corporate Services  
FRC/2022/PRO/NBA/004/00000024054

Additionally certified by:



Umar D. Rani  
Chief Financial Officer  
FRC/2013/ICAN/00000004826

The accompanying notes are an integral part of the financial statements.



STATEMENT OF CHANGES IN EQUITY

for the year ended

In thousands of Nigerian Naira

	Share capital	Fair Value reserve	Retained earnings	Regulatory risk reserve	Other reserve	Total Equity
<b>Balance at 1 January 2023</b>	50,000,000	2,749,207	(42,587,355)	37,885,112	500,000	48,546,964
Profit for the year	-	-	13,175,854	-	-	13,175,854
Other comprehensive income	-	24,571,874	616,759	-	-	25,188,633
<b>Total comprehensive income</b>	-	<b>24,571,874</b>	<b>13,792,613</b>	-	-	<b>38,364,487</b>
Transfer to regulatory risk reserves	-	-	25,536,569	(25,536,569)	-	25,536,569
<b>At 31 December 2023</b>	<b>50,000,000</b>	<b>27,321,081</b>	<b>(3,258,173)</b>	<b>12,348,543</b>	<b>500,000</b>	<b>112,448,021</b>
<i>In thousands of Nigerian Naira</i>						
<b>Balance at 1 January 2022</b>	49,912,571	2,675,422	(33,295,601)	22,345,871	500,000	42,138,263
Profit for the year	-	-	6,225,296	-	-	6,225,296
Other comprehensive income	-	73,785	22,191	-	-	95,976
<b>Total comprehensive income</b>	-	<b>73,785</b>	<b>6,247,487</b>	-	-	<b>6,321,272</b>
Transfer to regulatory risk reserves	-	-	(15,539,241)	15,539,241	-	-
<b>Transactions directly affecting equity holders:</b>						
Issue of additional share capital	87,429	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>50,000,000</b>	<b>2,749,207</b>	<b>(42,587,355)</b>	<b>37,885,112</b>	<b>500,000</b>	<b>48,546,964</b>

The accompanying notes forms an integral part of these financial statements



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

<i>In thousands of Nigerian Naira</i>	Note	31 December 2023	31 December 2022
<b>Operating activities</b>			
Profit for the year		13,175,854	6,225,296
<b>Adjustment for: Non-cash items</b>			
Depreciation of property, plant and equipment	21	259,780	206,100
Amortisation of intangible assets	22	62,841	36,259
Depreciation of right-of use assets	23	38,787	19,511
Employee benefit cost	26	126,171	16,914
Interest expense	8	3,437,395	2,612,354
Write-back of impairment	17	(113,983)	(391,092)
Impairment loss on financial assets	9	7,759,516	423,146
Net unrealised exchange gain	11	(10,293,755)	(610,053)
Interest income	7	(19,723,713)	(13,507,118)
Dividend income	11	(1,008,701)	(487,824)
Gain from disposal of property, plant and equipment	11	76,205	(3,065)
<b>Net changes in operating assets/liabilities</b>			
Net change in loans and advances	32(a)	27,397	(4,738,333)
Net change in other assets	32(b)	(62,545)	1,395,850
Net change in other liabilities	32(c)	3,425,474	1,370,624
Dividend received	11	1,008,701	487,824
Interest received	7	6,585,943	3,096,853
Interest paid	24	(2,885,138)	(9,607,467)
<b>Net cash flows from/(used) in operating activities</b>		<b>1,896,229</b>	<b>(13,454,221)</b>
<b>Investing activities</b>			
Purchase of equity instruments at FVOCI	19	(1,124,626)	(464,022)
Prepayments for leased assets	23	(104,101)	-
Purchase of property, plant and equipment	21	(363,065)	(515,324)
Purchase of intangible assets	22	(35,338)	(139,022)
Proceeds from sale of property, plant and equipment		58,385	(5,001)
Payment of gratuity benefit	26	-	(2,110,671)
<b>Net cash flows used in investing activities</b>		<b>(1,568,745)</b>	<b>(3,234,039)</b>
<b>Financing activities</b>			
Dividends paid to equity holders	28	-	-
Proceeds from debt securities issued and other borrowed funds	24	-	39,472,274
Repayments of debt securities issued and other borrowed funds	24	(693,743)	(425,000)
Proceeds from issue of share		-	87,429
<b>Net cash flows (used in)/from financing activities</b>		<b>(693,743)</b>	<b>39,134,703</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(366,259)</b>	<b>22,446,443</b>
Cash and cash equivalents at 1 January	28	77,904,739	56,173,243
Effect of exchange rate fluctuations on cash held		32,574,255	(714,947)
Cash and cash equivalents at the 31 December	28	<b>110,112,735</b>	<b>77,904,739</b>

*The accompanying notes forms an integral part of these financial statements*

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

#### Reporting entity

The Nigerian Export-Import Bank ("NEXIM" or the "Bank") was established by Act 38 of 1991 as an Export Credit Agency (ECA). The Bank, which replaced the Nigerian Export Credit Guarantee & Insurance Corporation earlier set up under Act 15 of 1988, has the following main statutory functions: provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports.

The Bank presently provides short and medium-term loans to Nigerian exporters. It also provides short term guarantees for loans granted by Nigerian banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

NEXIM is a bank incorporated and domiciled in Nigeria. Its registered office is at Plot 975, Cadastral Zone AO, Central Business District, Garki, Abuja.

### 2 Basis of accounting

#### a Statement of Compliance

The financial statement have been prepared in accordance with IFRS Accounting Standards. They were authorised for issue by the Bank's board committee on 22 May 2024.

The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projections of profitability, and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank. The provisions of the NEXIM Act of the Federation of Nigeria 1991, the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and relevant circulars and guidelines issued by the Central Bank of Nigeria.

#### b Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:  
- Financial instruments measured at fair value through other comprehensive income.

#### c Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of the Bank's accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 5.2(b): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6.

#### d Functional and presentation currency

The financial statements are presented in Naira, which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

### 3 Changes in material accounting policy and disclosures

The accounting policies adopted in the preparation of the financial statement are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2023. The Bank also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies.

The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**3.1 New and Revised Standards and Interpretations not yet effective**

A number of new IFRS Accounting Standards, Amendments to IFRS Accounting Standards, and Interpretations are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these financial statements. Those IFRS Accounting Standards, Amendments to IFRS Accounting Standards and Interpretations which may be relevant to the Bank are set out below.

The Bank do not plan to adopt these standards early. The IFRS Accounting Standards will be adopted in the period that they become mandatory unless otherwise indicated:

- a) Non-current Liabilities with Covenants and Classification of liabilities as Current or Non-current (Amendments to IAS 1).
- b) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- c) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- d) Lack of Exchangeability (Amendments to IAS 21).
- e) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

**4 Material Accounting Policies**

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise. In addition, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

**4.1 Foreign currency**

**Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of the Bank at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

**4.2 Interest income and interest expense**

**i. Effective interest rate**

Interest income and expense for all interest bearing financial instruments, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to:

- the gross carrying amount of the financial assets
- the amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit -impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but no ECL. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using the estimated future cash flows including ECL.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

**ii Amortised cost and gross carrying amount**

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

**iii Calculation of interest income and expense**

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 4.7(g).

NOTES TO THE FINANCIAL STATEMENTS

**4.3 Fees and commissions income and expenses**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including, letter of credit fees and loan application fees, are recognised as the related services are performed.

**4.4 Net trading and foreign exchange income**

Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

**4.5 Dividend income**

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period. Dividend on equity instruments designated at FVOCI that clearly represent a recovery part of the cost of investment are presented in OCI.

**4.6 Income tax**

In accordance with section 23(1) (a) of the Company Income Tax Act, the profit of the Bank is exempted from income taxes as such no deferred tax is also recognised.

**4.7 Financial assets and financial liabilities**

**a Recognition and initial measurement**

The Bank initially recognizes loans and advances, debt securities issued and subordinated liabilities on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

**b Classification**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
  - the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- 1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- 2) How the performance of the portfolio is evaluated and reported to management;
- 3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- 4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- 5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Bank's primary business is to provide lending services to Nigerian exporters. The Bank also provides short term guarantees for loans granted by Nigerian Banks to exporters as well as credit insurance against political and commercial risks in the event of non-payment by foreign buyers. The Bank is also the Government's National Guarantor under the ECOWAS Inter-state Road Transit programme.

## NOTES TO THE FINANCIAL STATEMENTS

### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **Non-recourse loans**

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (nonrecourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

## **c Derecognitions**

### **Financial Assets**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also 4.7 d), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### **Financial Liabilities**

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

## **d Modifications of financial assets and financial liabilities**

### **Financial Assets**

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see "write-off" policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.





## NOTES TO THE FINANCIAL STATEMENTS

### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **Non-recourse loans**

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (nonrecourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

## **c Derecognitions**

### **Financial Assets**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also 4.7 d), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### **Financial Liabilities**

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

## **d Modifications of financial assets and financial liabilities**

### **Financial Assets**

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see "write-off" policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS

### **Financial Liabilities**

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability. If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

### **Interest rate benchmark reform**

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

### **e Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

### **f Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

### **g Impairment of financial assets**

The Bank recognizes loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL: financial assets that are debt instruments; and

- Financial guarantee contracts issued;
- No impairment loss is recognized on equity investments.

## NOTES TO THE FINANCIAL STATEMENTS

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

### **Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable; and
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment.
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

### **Measurement of 12-month ECL**

12-month ECL is defined as a portion of the lifetime ECLs that will result if a default occurs in the 12 months after the reporting date (or a shorter period if the expected life of a financial instrument is less than 12 months), weighted by the probability of that default occurring. They are not the actual losses on financial instruments that are forecasted to actually default in the next 12 months.

### **Measurement of Lifetime ECL**

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. They would be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to the Bank under the contract, and
- The cash flows that the Bank expects to receive

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the Bank expects to receive all the contractual payments due, but at a later date. The Bank recognizes lifetime expected credit losses on its loan and debt portfolios that have had a significant increase in credit risk since initial recognition with no objective evidence of impairment. In order to do this, management develops lifetime Probabilities of Default (PDs), Exposures At Default (EADs) and Loss Given Default (LGDs).

### **Significant increase in credit risk or low credit risk**

For its loans to customers, the Bank monitors the credit risk using its Internal and External Credit Rating assigned at origination of the loans, each credit rating has an assigned PD. A change in credit rating that will cause a movement between grades is considered a significant increase in credit risk. The Bank has a system in place for determining significant increase in credit risk which are split into quantitative, qualitative and backstop indicators.

#### **Quantitative indicators**

These include the following:

- material breach of contract, such as a default or delinquency in interest or principal payments
- the financial asset is 90 days past due except for specialized loans for which the presumption is rebutted

#### **Qualitative indicators**

These include the following:

- internal risk classification – Classification as performing, watchlist and non-performing
- actual or expected significant change in the financial instrument's credit rating
- identification of the loan or customer on a 'Watchlist' or other forbearance indicators
- significant financial difficulty of a borrower or issuer
- restructure of the facility based on financial issues with the borrower
- Management override

## NOTES TO THE FINANCIAL STATEMENTS

### **Backstop indicators**

This applies when the financial asset is 30 days past due on repayment of principal and interest.

### **Forward looking information**

In determining whether there has been a significant increase in credit risk and in determining the expected credit loss calculation, IFRS 9 requires the consideration of forward-looking information. The determination of significant increase in credit risk is required to include consideration of all reasonable and supportable information available without undue cost or effort. This information will typically include forward-looking information based on expected macroeconomic conditions and specific factors that are expected to impact individual portfolios.

The incorporation of forward-looking information represents a significant change from existing accounting requirements which are based on observable events. The use of such forward-looking information will increase the use of management judgement and is expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations. The forward-looking framework will be based on the Bank's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement.

### **Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### **Credit-impaired financial assets**

At each reporting date, the Bank assesses whether financial assets carried at amortized cost, debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in retained earnings.

### **Collateral**

The Bank obtains collateral where appropriate, from customers to manage their credit risk exposure to the customers. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for customers in the event that the customer defaults.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability.

### **Write-off**

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognized when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.



NOTES TO THE FINANCIAL STATEMENTS

**4.8 Loans and advances**

Loans are debt instruments recognized initially at fair value and are subsequently measured at amortised cost. Loans are carried at amortised cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses. Interest on loans is recognised in interest income using the effective interest method, the estimated future cash flows used in calculation include those determined by the contractual term of the asset and all fees are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as interest income over the expected term of such loans using effective interest method.

**4.9 Investment securities**

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with our policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in Allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a net gain/(loss) on Investment securities in Net trading and foreign exchange income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/(loss) on Investment securities in net trading and foreign exchange income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.

**4.10 Cash and bank balances**

Cash and bank balances include notes and coins in hand, current balances with other banks, balances held with Central Bank and placements with banks which are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash in hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Cash and bank balances are carried at amortised cost in the statement of financial position.

**4.11 Property and equipment**

**(a) Recognition and measurement**

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

**(b) Subsequent costs**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

**(c) Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The estimated useful lives for the current and comparative period are as follows:

Land	Not depreciated
Freehold buildings	50 years
Leaschold improvements	Over the shorter of the useful life of item or the lease period
Motor vehicles	4 years
Furniture and Fittings	5 years
Computer equipment	4 years
Plant and Machinery	4 years
Work in progress	Not depreciated

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual value are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

**(d) Derecognition**

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**4.12 Intangible assets**

**Software**

**(a) Recognition and measurement**

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalized cost less accumulated amortisation and impairment.

**(b) Subsequent costs**

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**(c) Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

**(d) Derecognition**

An intangible item is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the statement of profit or loss in the year the intangible asset is derecognized.

**4.13 Provisions**

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract.

**4.14 Employee benefits**

**Post-employment benefits**

**Defined contribution plans**

The Bank operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Bank makes fixed contributions on contractual basis. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are recognized as an expense in profit or loss when they are due. In accordance with the provisions of the Pensions Reform Act 2014, the Bank contributes 10% of the employees' basic salary, housing and transport allowances while the employees contribute 8%.

**Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term employee benefits if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Defined benefit plan**

The Bank has a scheme called the NEXIM Bank Retiree and Gratuity Scheme to provide retirements benefits to staff or their dependents. The NEXIM gratuity fund consists of:

- i) 26.79% of Basic housing and transport allowance contribution, made by the Bank annually, on behalf of it's employees.
- ii) The percentage contribution is to be revised by the Bank, as and when the need arises.

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rates, future salary increases, mortality rates and inflation rates.

## NOTES TO THE FINANCIAL STATEMENTS

The benefits payable under the gratuity to its retiring staff is conditioned by the following:

- i) Employees who have put in five years of service shall be entitled to payment of gratuity based on their annual basic salaries and allowances as may be approved by the Bank from time to time
- ii) The amount shall progress by 8% per annum for each completed year of service after the first five years, up to a maximum of 340% for thirty-five years of service.

### 4.15 Share capital and reserves

#### a Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

#### b Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

#### c Earnings per share

The Bank presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### d Regulatory risk reserve

The Nigerian banking regulation requires Development Financial Institutions (DFIs) to create a reserve for the difference between impairment charge determined in line with the principles of IFRS Accounting Standards and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria. This reserve is not available for distribution to shareholders.

### 4.16 Operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized when service has been rendered.

### 4.17 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

### 4.18 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (i) The Bank as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

Lease payments included in the measurement of the lease liability are made up of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The bank presents the right-of-use assets as a line item and lease liabilities in "other liabilities" in the statement of financial position.

**Short term leases and leases of low value assets**

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(ii) The Bank as a lessor**

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. The Bank also determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At the commencement date of a finance lease, as a lessor, the Bank recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in lease.

At the commencement of an operating lease, as a lessor, the Bank recognises lease payments from operating leases as income on a straight-line basis. The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**5 FINANCIAL RISK MANAGEMENT**

**5.1 Introduction and overview**

The Bank has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

In addition the Bank has identified climate risk as an emerging risk arising from financial instruments that has a growing impact on the Bank's activities

**Risk management framework**

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Board Risk Management Committee which is responsible for overseeing the establishment of guidelines and frameworks for Bank-wide risk management.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

**Risk measurement and reporting systems**

The Bank subscribes to the Central Bank of Nigeria (CBN) Credit Risk Management System for information on credit history when considering credit applications. The Bank's policy also provides for a two-dimensional credit rating assessment of financial ratios in system involving the determination of an obligor rating and a facility rating for each exposure.

**Risk mitigation**

The Bank uses a diverse range of collateral types to actively mitigate against credit exposures. In so doing the Bank is guided by key eligibility criteria such as liquidity, marketability, legal certainty, amenability to pricing and zero material positive correlation with the underlying exposure.

To safeguard and ensure the effectiveness of collaterals, the Bank ensures inspection and revaluation of the collaterals at prescribed intervals.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

Risk asset portfolio is actively managed to promote liquidity, flexibility and diversification (i.e. limit concentration risk to any industry, sector, region or individual customer). In line with the CBN Prudential Guidelines, the Bank continually defines and reviews its target market. Sectoral limits are reviewed and reset annually in line with evolving business needs.

**5.2 Credit Risk**

Credit risk is the risk of financial loss to the Bank as a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

**a Management of credit risk**

The Board of Directors created the Board Credit Committee for the oversight of credit risk, and the Board with its related business units are responsible for the following:

- i) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements
- ii) Establishing and authorisation structure for the approval and renewal of credit facilities.
- iii) Limiting concentration of exposure to counterparties, geographies and industries (for loans and advances) and by issuer, credit rating band and market liquidity.
- iv) Reviewing compliance of business units with agreed exposure limits, including those selected industries, country risk and product types.
- v) Reviewing and assessing credit risk: The Credit Committee assesses all credit exposure in excess of designated limits, before facilities are committed to customers by the business unit concerned
- vi) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

Each business unit is required to implement the Bank credit policies and procedures, with credit approval authorities delegated from the Board Credit Committee. Regular audits of the various business units and Bank's credit processes are undertaken by Internal Audit.

Trade areas that enjoy the support of the Bank are visible and invisible exports which include, but not limited to, primary commodities, manufactured and semi-manufactured goods, imports for production of export goods, solid minerals and services.

Eligible transactions include:

- All transactions connected with export of goods wholly or partly manufactured in Nigeria;
- All transactions connected with export of commodities which are exportable under the laws of Nigeria;
- All transactions connected with projects established for the production of export goods or for the production of inputs into the production of manufactured goods meant for export;
- All export-generating imports, principally raw materials, equipment and spare parts required by a manufacturing exporter; and
- All export of services.

Eligible borrowers/beneficiaries of the Bank's facilities/services are: Export Agencies and Exporters duly registered in Nigeria as limited liability companies or co-operative societies (whether as manufacturing, merchant exporters or service companies).

**b Credit Risk Measurement**

The Bank undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/management quality, financial condition, market position, business operations, industry and other factors. The Bank acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

**b(i) Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations)

The Bank uses three criteria in determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD
- qualitative indicators; and
- a backstop of 30 past due, except for

**b(ii) Credit risk grades**

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

**c Maximum exposure to credit risk**

The Bank's credit risk exposures relating to financial assets on-balance sheet assets subject to impairment are as follows:

In thousands of naira	Maximum exposure	
	2023	2022
<b>Financial assets:</b>		
Loans and advances	184,444,923	170,191,363
Other assets (receivables)	47,764	64,071
Due from banks (placements)	100,903,428	65,226,614
Cash and bank balances	9,185,088	12,656,538
<b>Total Financial Assets at amortized cost</b>	<b>294,581,203</b>	<b>248,138,586</b>

The Bank's credit risk exposures relating to on-balance sheet assets that are not subject to impairment are as follows:

In thousands of naira	Maximum exposure	
	2023	2022
<b>Financial assets:</b>		
Equity instruments at FVOCI	32,269,084	6,572,584
Other receivables	47,764	64,071
<b>Total</b>	<b>32,316,848</b>	<b>6,636,655</b>

**d Credit risk concentration**

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

e Geographical concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

	31 December 2023		
	Within Nigeria	Outside Nigeria	Total
<i>In thousands of naira</i>			
Financial assets:			
Loans and advances	184,444,923	-	184,444,923
Other assets (receivables)	47,764	-	47,764
Due from banks (placements)	100,903,428	-	100,903,428
Cash and bank balances	7,090,377	2,094,711	9,185,088
	292,486,492	2,094,711	294,581,203
	31 December 2022		
	Within Nigeria	Outside Nigeria	Total
Financial assets:			
Loans and advances	170,191,363	-	170,191,363
Other assets (receivables)	64,071	-	64,071
Due from banks (placements)	64,991,028	-	64,991,028
Cash and bank balances	12,197,823	458,216	12,656,039
	247,444,285	458,216	247,902,501

5.3 Liquidity Risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

**Management of liquidity risk**

The Bank's Board of Directors sets the Bank's strategy for managing liquidity risk and oversight of the implementation Finance and General Purpose committee. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The key elements of the Bank's liquidity strategy are as follows:

- i) Carrying a portfolio of highly liquid assets, diversified by currency and maturity
- ii) Monitoring maturity mismatches, behavioral characteristics of the Bank's financial assets and financial liabilities, and the extent to which the Bank's assets are encumbered and so not available as potential collateral for obtaining funding.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Bank specific events (e.g. rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes)

**NOTES TO THE FINANCIAL STATEMENTS**

Analysis of financial assets and liabilities by remaining contractual maturities.

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2023.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date. The Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Contractual maturities of undiscounted cash flows of financial assets and liabilities:

	As 31 December 2023	Expected Cash Flows				
		Carrying Amount	Gross nominal inflow/(outflow)	Less than 3 months	3 to 12 months	1 to 5 years
<b>Financial assets</b>						
Cash in banks	9,185,088	9,209,307	9,209,307	-	-	-
Due from banks	100,903,428	100,903,428	100,903,428	-	-	-
Loans and advances	184,444,923	184,444,923	-	254,152	104,906,811	79,283,960
Other receivables	47,764	47,764	47,764	-	-	-
<b>Total undiscounted financial assets</b>	<b>294,581,203</b>	<b>294,605,422</b>	<b>110,112,735</b>	<b>301,916</b>	<b>104,906,811</b>	<b>79,283,960</b>
<b>Financial liabilities</b>						
Debt securities and other borrowed funds	197,583,685	197,583,685	-	-	197,583,685	-
Other liabilities	18,771,038	14,889,873	-	499,699	16,344,040	1,927,299
<b>Total undiscounted financial liabilities</b>	<b>216,354,723</b>	<b>212,473,558</b>	<b>-</b>	<b>499,699</b>	<b>213,927,725</b>	<b>1,927,299</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>78,226,480</b>	<b>82,131,864</b>	<b>110,112,735</b>	<b>(197,783)</b>	<b>(109,020,914)</b>	<b>77,356,661</b>
<b>As 31 December 2022</b>						
<b>Financial assets</b>						
Cash in banks	12,656,538	12,678,125	12,678,125	-	-	-
Due from banks	65,226,614	65,226,614	65,226,614	-	-	-
Loans and advances	170,191,362	170,191,362	0	253,225	94,890,121	75,048,016
Other receivables	1,841,037	1,841,037	64	1,755,511	85,462	-
<b>Total undiscounted financial assets</b>	<b>249,915,551</b>	<b>249,937,138</b>	<b>77,904,803</b>	<b>2,008,736</b>	<b>94,975,583</b>	<b>75,048,016</b>
<b>Financial liabilities</b>						
Debt securities and other borrowed funds	175,444,672	175,444,672	24,523,763	-	143,480,674	7,440,235
Other liabilities	14,889,873	14,889,873	-	488,256	12,930,009	1,471,608
<b>Total undiscounted financial liabilities</b>	<b>190,334,545</b>	<b>190,334,545</b>	<b>24,523,763</b>	<b>488,256</b>	<b>156,410,683</b>	<b>8,911,843</b>
<b>Net undiscounted financial assets/(liabilities)</b>	<b>59,581,006</b>	<b>59,602,593</b>	<b>53,381,040</b>	<b>1,520,480</b>	<b>(61,435,100)</b>	<b>66,136,173</b>

NOTES TO THE FINANCIAL STATEMENTS

5.4 Market Risk

Market risk is the risk that changes in the market price - e.g interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of the of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk.

The Bank traded in the following financial instruments in the course of the year:

- Money market products

a Exposure to Interest Rate Risks – Non-Trading Portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest gaps and by having pre-approved limits by repricing bands. The Asset and Liability Committee (ALCO) is the body charged with monitoring exposures to interest rate risks and is assisted by the Risk Management.

The Bank also performs regular stress tests on its trading and non-trading portfolios. In performing this, the Bank ensures there are quantitative criteria in building the scenarios. The Bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the Bank's liquidity. The key potential risks the Bank was exposed to from these instruments were price risk, basis risk and risk to net margins. However, all potential risk exposures in the course of the year were successfully mitigated as mentioned above. Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from changes in the fair value of available-for-sale financial instruments reported directly in other comprehensive income.

The tables below summarises the Bank's interest rate gap position on all portfolios as the Bank does not have any variable interest bearing financial assets and liabilities:

31 December 2023	Carrying amount	Gross nominal inflow/(outflow)	Contractual cash flows			
			Up to 3 months	3-6 months	6 months - 1 year	Over 1 year
<b>Financial assets:</b>						
Cash in banks	9,185,088	9,209,307	9,209,307	-	-	-
Due from banks	97,098,064	100,903,428	100,903,428	-	-	-
Loans and advances	155,826,926	184,444,923	-	-	254,152	184,190,771
Other receivables	47,764	47,764	-	-	47,764	-
<i>Investment securities:</i>						
- Fair value through OCI	24,880,580	24,880,580	-	24,880,580	-	-
	287,038,422	319,486,002	110,112,735	24,880,580	301,916	184,190,771
<b>Financial liabilities:</b>						
Debt securities issued and other borrowed	197,583,685	197,583,685	-	-	-	197,583,685
Other liabilities	18,771,038	14,889,873	-	-	499,699	18,271,339
	216,354,723	212,473,558	-	-	499,699	215,855,024
Interest rate gap position	70,683,699	107,012,444	110,112,735	24,880,580	(197,783)	(31,664,253)

31 December 2022	Carrying amount	Gross nominal inflow/(outflow)	Contractual cash flows			
			Up to 3 months	3-6 months	6 months - 1 year	Over 1 year
<b>Financial assets:</b>						
Cash in banks	12,656,538	12,678,125	12,678,125	-	-	-
Due from banks	65,226,614	65,226,614	65,226,614	-	-	-
Loans and advances	170,191,363	170,191,362	-	-	253,225	169,938,137
Other receivables	1,841,037	1,841,037	63,72	-	1,755,511	85,462
<i>Investment securities:</i>						
- Fair value through OCI	6,572,584	6,572,584	-	6,572,584	-	-
	256,488,136	256,509,722	77,904,803	6,572,584	2,008,736	170,023,599
<b>Financial liabilities:</b>						
Debt securities issued and other borrowed	175,444,671.00	175,444,672	24,523,763	-	-	150,920,909
Other liabilities	14,889,873.00	14,889,873	-	-	488,256	14,401,617
	190,334,544	190,334,545	24,523,763	-	488,256	165,322,526
Interest rate gap position	66,153,592	66,175,177	53,381,040	6,572,584	1,520,480	4,701,073

NOTES TO THE FINANCIAL STATEMENTS

**6a Use of estimates and judgements**

In preparing these financial statements, management has made judgements and estimates that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**(i) Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 5(b)(i): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

- Notes 4.7: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**(ii) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes 5(b)(i): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

- Note 30: recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

These disclosures supplement the commentary on financial risk management (see note 5).

**Key sources of estimation uncertainty**

**(a)i Impairment of financial assets**

IFRS 9 impairment requirements are based on an expected credit loss model (ECL). Key changes in the Bank's accounting policies for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

**(a)ii Measurement of fair values**

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Bank assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

The Bank's accounting policy on fair value measurement is discussed in Note 4.7(f).

NOTES TO THE FINANCIAL STATEMENTS

**Valuation models**

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy.

<i>In thousands of naira</i>	Level 1	Level 2	Level 3	Total
<b>31 December 2023</b>				
<b>ASSETS</b>				
Equity investment (see note 19)	2,273,984	29,995,100	-	32,269,084
<b>Total</b>	<b>2,273,984</b>	<b>29,995,100</b>	<b>-</b>	<b>32,269,084</b>

<i>In thousands of naira</i>	Level 1	Level 2	Level 3	Total
<b>31 December 2022</b>				
<b>ASSETS</b>				
Equity investment (see note 19)	1,876,793	4,695,792	-	6,572,585
<b>Total</b>	<b>1,876,793</b>	<b>4,695,792</b>	<b>-</b>	<b>6,572,585</b>

**6b Classification of financial assets and liabilities**

The Bank's financial instruments are categorised as stated below:

<b>31-Dec-23</b> <i>In thousands of naira</i>	Financial Assets		
	FVTPL N'000	FVOCI N'000	Amortised cost N'000
Cash and bank balances	-	-	9,206,600
Due from banks	-	-	97,098,064
Loans and advances to customers	-	-	155,826,925
Equity instruments at FVOCI	-	32,269,084	-
Other assets	-	-	860,138

<b>31-Dec-23</b> <i>In thousands of naira</i>	Financial Liabilities		
	FVTPL N'000	FVOCI N'000	Amortised cost N'000
Debt securities issued and other borrowed funds	-	-	197,583,685
Other liabilities	-	-	16,843,739

<b>31-Dec-22</b> <i>In thousands of naira</i>	Financial Assets		
	FVTPL N'000	FVOCI N'000	Amortised cost N'000
Cash and bank balances	-	-	12,675,746
Due from banks	-	-	64,991,028
Loans and advances to customers	-	-	146,759,620
Equity instruments at FVOCI	-	6,572,584	-
Other assets	-	-	829,952

<b>31-Dec-22</b> <i>In thousands of naira</i>	Financial Liabilities		
	FVTPL N'000	FVOCI N'000	Amortised cost N'000
Debt securities issued and other borrowed funds	-	-	175,444,672
Other liabilities	-	-	13,418,265



**NOTES TO THE FINANCIAL STATEMENTS**

*In thousands of Nigerian Naira*

	Notes	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>7 Interest income</b>			
Loans and advances to customers		12,990,476	10,258,680
Cash and short term funds		6,585,943	3,096,853
Loans and advances to staff		147,294	151,585
		<b>19,723,713</b>	<b>13,507,118</b>
<b>8 Interest expense</b>			
CBN/EDF/Refinancing - Interest		3,184,168	1,832,229
8% CBN Perpetual Debenture		73,676	73,676
FGN Export Stimulation loan		62,270	62,269
Loan from ADB/FGN/CBN		17,381	17,381
Loan from African Export-Import Bank (AFREXIM)		-	573,661
CBN Non-oil Export Stimulation Loan (NESF)		99,900	53,138
		<b>3,437,395</b>	<b>2,612,354</b>
<b>9 Impairment on financial assets</b>			
<b>Impairment charge / (write-back) on risk assets</b>			
Net impairment charge on loans and advances	18.1	4,043,068	381,135
Net impairment charge on placement with banks	17.1	3,683,761	45,186
Net impairment charge / (write-back) on cash balances	16.1	328	(3,096)
Impairment charge on other receivables	20.1	32,359	(79)
		<b>7,759,516</b>	<b>423,146</b>
		<b>31 December</b>	<b>31 December</b>
<b>10 Fees and commission income</b>		<b>2023</b>	<b>2022</b>
Application fees		5,890	9,443
Letter of credit fees		-	6,366
		<b>5,890</b>	<b>15,809</b>
<b>11 Other operating income</b>			
Net trading foreign exchange gain (See (a) below)		10,293,755	610,053
Dividend income		1,008,701	487,824
Recoveries		247,631	27,119
Operating lease income		46,472	40,870
(Loss)/gain from disposal of PPE		(76,205)	3,065
Other fees		6,743	9,025
Income from grant for export promotion		3,551,730	2,512,234
		<b>15,078,827</b>	<b>3,690,190</b>
		<b>31 December</b>	<b>31 December</b>
<b>(a) Net trading foreign exchange gain</b>		<b>2023</b>	<b>2022</b>
Exchange (loss)/gain on borrowings		(22,280,500)	1,325,000
Exchange gain/(loss) on placements and Loans		32,574,255	(714,947)
		10,293,755	610,053



**NOTES TO THE FINANCIAL STATEMENTS**

*In thousands of Nigerian Naira*

		31 December <u>2023</u>	31 December <u>2022</u>
<b>12 Other operating expenses</b>			
Administrative expenses	12.1	2,291,206	2,095,309
Directors' emoluments		162,544	153,131
Professional fees		405,508	403,658
Staff travelling		79,588	48,565
Auditors' remuneration	12.2	27,771	25,880
Staff relocation		14,833	33,835
Short term lease expenses		5,672	9,503
Finance cost on Lease Liabilities		15,103	-
Advertising and marketing		2,858,515	1,569,976
Staff training		-	288
Other operating expenses	12.3	58,903	54,761
Donations		4,630	-
Bad debt write off		111,898	-
		<u><b>6,036,171</b></u>	<u><b>4,394,906</b></u>

**12.1** Administrative expenses is mainly comprised of expenses incurred on repairs & maintenance, rates, telephone & internet billing, power, insurance, & security.

**12.2** There was no non-audit service fee earned by the auditor during the year.

**12.3** Other expenses comprises of expenses incurred on staff uniform and T-shirts provided for staff.

**13 Personnel expenses**

	<u>2023</u>	<u>2022</u>
Wages and salaries	3,509,096	2,873,485
Net interest on defined benefit plan	126,171	15,838
Pension costs- Defined contribution plan	374,446	385,270
Other employee cost	28,373	20,952
	<u><b>4,038,086</b></u>	<u><b>3,295,545</b></u>

**14 Taxation**

The Bank is exempted from Company income tax in accordance with Section 14(1)(c) of the Nigerian Export-Import Bank Act 1991.

**15 Earnings per share**

**(a) Basic**

Basic/diluted earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

The following reflects the profit and share data used in the basic/diluted earnings per share computations:

	<u>2023</u>	<u>2022</u>
Profit attributable to equity holders	13,175,854	6,225,296
Weighted average number of ordinary shares in issue (in '000s)	50,000,000	50,000,000
<b>Basic earnings per share (expressed in Kobo per share)</b>	<u><b>26.35</b></u>	<u><b>12.45</b></u>

**(b) Diluted**

The Bank does not have potential ordinary shares with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders of the parent (31 December 2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

	31 December	31 December
16 Cash and bank balances	2,023	2,022
Cash on hand	24,219	21,587
Cash at bank	9,185,088	12,656,538
	9,209,307	12,678,125
Allowance for impairment on cash in bank	(2,707)	(2,379)
<b>Cash and bank balances</b>	<b>9,206,600</b>	<b>12,675,746</b>

16.1 Impairment allowance for cash in banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	N'000	N'000	N'000	N'000
Performing	9,185,088	-	-	9,185,088
Non-performing	-	-	-	-
<b>Total</b>	<b>9,185,088</b>	<b>-</b>	<b>-</b>	<b>9,185,088</b>

Internal rating grade	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	N'000	N'000	N'000	N'000
Performing	12,656,538	-	-	12,656,538
Non-performing	-	-	-	-
<b>Total</b>	<b>12,656,538</b>	<b>-</b>	<b>-</b>	<b>12,656,538</b>

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Gross carrying amount as at 1 January 2023	12,656,538	-	-	12,656,538
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	(3,471,450)	-	-	(3,471,450)
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2023</b>	<b>9,185,088</b>	<b>-</b>	<b>-</b>	<b>9,185,088</b>

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
ECLs as at 1 January 2023	2,379	-	-	2,379
New assets purchased or originated	328	-	-	328
Payments and assets derecognized or matured (excluding write offs) (see note 9)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2023</b>	<b>2,707</b>	<b>-</b>	<b>-</b>	<b>2,707</b>

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Gross carrying amount as at 1 January 2022	4,128,795	-	-	4,128,795
New assets purchased or originated	8,527,743	-	-	8,527,743
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2022</b>	<b>12,656,538</b>	<b>-</b>	<b>-</b>	<b>12,656,538</b>

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
ECLs as at 1 January 2022	5,475	-	-	5,475
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	(3,096.00)	-	-	(3,096.00)
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2022</b>	<b>2,379</b>	<b>-</b>	<b>-</b>	<b>2,379</b>

17 Due from banks

		2023	2022
	17.1	N'000	N'000
Placements with other banks		100,903,428	65,226,614
Allowance for impairment		(3,805,364)	(235,586)
		<b>97,098,064</b>	<b>64,991,028</b>

Placements with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank, and earn interest at the respective short-term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 31 December

17.1 Impairment allowance for Placements with banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2023			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
<i>In thousands of naira</i>	N'000	N'000	N'000	N'000
Performing	93,058,436	-	-	93,058,436
Non-performing	-	-	7,844,992	7,844,992
<b>Total</b>	<b>93,058,436</b>	<b>-</b>	<b>7,844,992</b>	<b>100,903,428</b>

Internal rating grade	31 December 2022			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
<i>In thousands of naira</i>	N'000	N'000	N'000	N'000
Performing	65,226,614	-	-	65,226,614
Non-performing	-	-	-	-
<b>Total</b>	<b>65,226,614</b>	<b>-</b>	<b>-</b>	<b>65,226,614</b>

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	31 December 2023			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
Gross carrying amount as at 1 January 2023	64,003,733	-	1,222,881	65,226,614
New assets purchased or originated	52,666,399	-	-	52,666,399
Payments and assets derecognized or matured (excluding write offs)	(16,989,585)	-	-	(16,989,585)
Transfer to Stage 3	(6,622,111)	-	6,622,111	-
<b>At 31 December 2023</b>	<b>93,058,436</b>	<b>-</b>	<b>7,844,992</b>	<b>100,903,428</b>

In thousands of naira	31 December 2023			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
ECLs as at 1 January 2023	35,767	-	199,819	235,586
New assets purchased or originated	-	-	(122,271)	(122,271)
Payments and assets derecognized or matured (excluding write offs)	384,922	-	3,307,127	3,692,049
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2023</b>	<b>420,689</b>	<b>-</b>	<b>3,384,975</b>	<b>3,805,394</b>

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	31-Dec-22			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
Gross carrying amount as at 1 January 2022	50,799,980	-	1,222,881	52,022,861
New assets purchased or originated	14,439,898	-	-	14,439,898
Payments and assets derecognized or matured (excluding write offs)	(1,236,145)	-	-	(1,236,145)
Transfer to Stage 3	-	-	-	-
<b>At 31 December 2022</b>	<b>64,003,733</b>	<b>-</b>	<b>1,222,881</b>	<b>65,226,614</b>

In thousands of naira	31 December 2022			Total
	Stage 1 Individual	Stage 2 Individual	Stage 3	
ECLs as at 1 January 2022	35,767	-	545,725	581,492
New assets purchased or originated	-	-	(391,092)	(391,092)
Payments and assets derecognized or matured (excluding write offs)	-	-	45,186	45,186
Foreign exchange adjustments	-	-	-	-
<b>At 31 December 2022</b>	<b>35,767</b>	<b>-</b>	<b>199,819</b>	<b>235,586</b>

18 Loans and advances

	2023	2022
	N'000	N'000
Loans to customers:		
-Medium-term direct lending	79,283,960	74,884,702
-Short-term direct lending	104,906,811	94,890,121
Loans to staff	254,152	415,540
	<b>184,444,923</b>	<b>170,191,363</b>
Less: Allowance for impairment	(28,617,998)	(23,431,743)
	<b>155,826,925</b>	<b>146,759,620</b>

NOTES TO THE FINANCIAL STATEMENTS

31 December 31 December

18.1 Impairment allowance for loans and advances

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	Individual	Individual	Individual	
	N'000	N'000	N'000	N'000
<b>Performing</b>				
High grade	78,178,204	-	-	78,178,204
Standard grade	6,696,704	-	-	6,696,704
Past due but not impaired	-	55,653,432	-	55,653,432
<b>Non-performing</b>				
Sub-standard grade	-	-	4,380,207	4,380,207
Individually impaired	-	-	39,536,376	39,536,376
<b>Total</b>	<b>84,874,908</b>	<b>55,653,432</b>	<b>43,916,583</b>	<b>184,444,923</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and advances is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
Gross carrying amount as at 1 January 2023	95,941,931	9,701,011	64,548,421	170,191,363
Loans written off	-	-	-	-
New assets purchased or originated	95,028,562	-	-	95,028,562
Payments and assets derecognized or matured (excluding write offs)	-	(2,841,714)	(77,933,288)	(80,775,002)
Transfer from Stage 1	(71,926,960)	4,690,724	67,236,236	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
<b>At 31 December 2023</b>	<b>119,043,533</b>	<b>11,550,021</b>	<b>53,851,369</b>	<b>184,444,923</b>

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
ECLs as at 1 January 2023	3,856,263	-	20,718,667	24,574,929
Loans written off	-	-	-	-
New assets purchased or originated	2,504,840	1,018,712	1,499,842	5,023,394
Payments and assets derecognized or matured (excluding write offs)	-	938,144	(1,918,470)	(980,326)
Transfer from Stage 1	-	-	-	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
<b>Credit impairment charge (see note 9)</b>	<b>2,504,840</b>	<b>1,956,856</b>	<b>(418,628)</b>	<b>4,043,068</b>
<b>At 31 December 2023</b>	<b>6,361,103</b>	<b>1,956,856</b>	<b>20,300,039</b>	<b>28,617,998</b>

Internal rating grade	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	Individual	Individual	Individual	
	N'000	N'000	N'000	N'000
<b>Performing</b>				
High grade	-	-	-	-
Standard grade	95,941,931	-	-	95,941,931
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
<b>Non-performing</b>				
Individually impaired	-	9,701,011	-	9,701,011
	-	-	64,548,421	64,548,421
<b>Total</b>	<b>95,941,931</b>	<b>9,701,011</b>	<b>64,548,421</b>	<b>170,191,363</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and advances is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
Gross carrying amount as at 1 January 2022	98,030,020	4,687,504	52,729,823	155,447,347
Loans written off	-	-	(404,582)	(404,582)
New assets purchased or originated	41,698,191	-	-	41,698,191
Payments and assets derecognized or matured (excluding write offs)	-	(7,916,020)	(18,633,573)	(26,549,593)
Transfer from Stage 1	(43,786,280)	12,929,527	30,856,753	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
<b>At 31 December 2022</b>	<b>95,941,931</b>	<b>9,701,011</b>	<b>64,548,421</b>	<b>170,191,363</b>

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
ECLs as at 1 January 2022	2,169,082	-	21,286,108	23,455,190
Loans written off	-	-	(404,582)	(404,582)
New assets purchased or originated	543,995	-	-	543,995
Payments and assets derecognized or matured (excluding write offs)	-	-	(162,859)	(162,859)
Transfer to Stage 1	-	-	-	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
<b>Credit impairment charge (See note 9)</b>	<b>543,995</b>	<b>-</b>	<b>(162,859)</b>	<b>381,136</b>
<b>At 31 December 2022</b>	<b>2,713,077</b>	<b>-</b>	<b>20,718,667</b>	<b>23,431,743</b>

NOTES TO THE FINANCIAL STATEMENTS

		31 December	31 December
		2023	2022
		N'000	N'000
<b>19 Investment securities</b>			
<b>19.1 Equity instruments at FVOCI</b>			
<b>Quoted investment:</b>	<b>a</b>		
Guarantee Fund Investment		2,048,784	1,702,778
Non-career Pension Investment		225,200	174,015
<b>Unquoted investments:</b>	<b>b</b>		
Afrexim Bank		29,916,100	4,598,574
ABREFC		79,000	97,218
<b>Total Equity instruments at FVOCI</b>		<b>32,269,084</b>	<b>6,572,585</b>
<b>Movement in equity instruments at FVOCI</b>			
		2023	2022
		N'000	N'000
Balance at 1 January		6,572,584	6,034,777
Additions for the year		1,124,626	464,022
Fair value		24,571,874	73,785
<b>Balance at 31 December</b>		<b>32,269,084</b>	<b>6,572,584</b>

a Guarantee fund investments: The fund investment consists of a money market fund and a coral fund warehoused with Stanbic IBTC Asset management and FSDH Asset management respectively. The funds are recognized at fair value through other comprehensive income.

Non-career pension investment: The Bank invested N180m in 2007 in a portfolio warehoused with Stanbic IBTC Asset Management. The initial objective of the portfolio was to invest the severance benefit of the Non-Executive directors who have a stipulated tenor of 5 years. The initial objective was to liquidate the portfolio after every 5 years, however since inception the initial objective of the portfolio has changed as the Bank has never liquidated the investment. The Bank does not intend to sell the equity investments, however they intend to keep growing and managing the portfolio with the help of their fund managers.

b Unquoted Equities: The Bank has equity investments in African Export Import Bank and African Biofuel and Renewable Energy Company. The Bank has a hundred shares (100) in ABREFC and one-thousand seven hundred and seventeen (1,717) in AFREIM.

**20 Other assets**

		2023	2022
		N'000	N'000
Prepayments		833,919	803,387
Other receivables		47,764	64,071
<b>Less: Allowance for impairment on other assets</b>	<b>21.1</b>	<b>881,683</b>	<b>867,458</b>
		<b>(21,545)</b>	<b>(37,506)</b>
		<b>860,138</b>	<b>829,932</b>

**20.1 Impairment losses on other receivables subject to impairment assessment**

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Internal rating grade	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Performing	47,764	-	-	47,764
Non-performing	-	-	-	-
<b>Total</b>	<b>47,764</b>	<b>-</b>	<b>-</b>	<b>47,764</b>

Internal rating grade	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Performing	38,259	-	-	38,259
Non-performing	-	-	25,812	25,812
<b>Total</b>	<b>38,259</b>	<b>-</b>	<b>25,812</b>	<b>64,071</b>

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
Gross carrying amount as at 1 January 2023	38,259	-	25,812	64,071
New assets purchased or originated	68	-	-	68
Payments and assets derecognized or matured (excluding write offs)	(32,682)	-	16,307	(16,375)
Transfer to Stage 3	42,119	-	(42,119)	-
<b>At 31 December 2023</b>	<b>47,764</b>	<b>-</b>	<b>-</b>	<b>47,764</b>

In thousands of naira	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
ECLs as at 1 January 2023	37,506	-	-	37,506
New assets purchased or originated	-	-	-	-
Payments and assets derecognized or matured (excluding write offs)	-	-	-	-
Foreign exchange adjustments	-	-	-	-
<b>Impairment Charge/(Writeback) (see note 9)</b>	<b>32,359</b>	<b>-</b>	<b>-</b>	<b>32,359</b>
<b>At 31 December 2023</b>	<b>37,506.00</b>	<b>-</b>	<b>-</b>	<b>21,545</b>

NOTES TO THE FINANCIAL STATEMENTS

31 December 31 December

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross carrying amount as at 1 January 2022	1,652,637	-	1,050,039	2,702,676
New assets purchased or originated	1,886,232	-	-	1,886,232
Payments and assets derecognized or matured (excluding write offs)	(2,400,592)	-	(2,124,245)	(4,524,837)
Transfer to Stage 3	(1,100,018)	-	1,100,018	-
<b>At 31 December 2022</b>	<b>38,259</b>	<b>-</b>	<b>25,812</b>	<b>64,071</b>

In thousands of naira	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECLs as at 1 January 2022	37,585	-	1,050,039	1,087,624
New assets purchased or originated	37,820	-	158.00	37,978
Payments and assets derecognized or matured (excluding write offs)	(37,899)	-	(1,050,197.00)	(1,088,096)
Foreign exchange adjustments				
<b>Write back on impairment (see note 9)</b>	<b>(79)</b>	<b>-</b>	<b>-</b>	<b>(79)</b>
<b>At 31 December 2022</b>	<b>37,506</b>	<b>-</b>	<b>-</b>	<b>37,506</b>

NOTES TO THE FINANCIAL STATEMENTS  
In thousands of Nigerian Naira

21 Property and equipment

Cost	Land	Building	Plant	Furniture and Fittings	Computer Equipment	Motor Vehicles	Work In Progress	Total
At 1 January 2023	1,688	3,224,495	43,520	1,289,476	621,775	527,889	6,828	5,715,591
Addition during the year	-	14,618	-	85,727	102,401	710	159,509	363,065
Reclassification	-	-	-	60,672	-	-	(60,672)	-
Disposals during the year	-	-	(4,436)	(49,645)	(599)	(217,678)	-	(272,458)
<b>At 31 December 2023</b>	<b>1,688</b>	<b>3,239,113</b>	<b>39,084</b>	<b>1,386,230</b>	<b>723,477</b>	<b>310,921</b>	<b>105,765</b>	<b>5,806,278</b>
<b>Accumulated depreciation</b>								
At 1 January 2023	-	860,301	29,273	1,051,328	553,475	228,404	-	2,722,781
Charge for the year	-	64,743	4,202	58,488	41,906	90,441	-	259,780
Disposals during the year	-	-	(4,432)	-	(175)	(133,261)	-	(137,868)
<b>At 31 December 2023</b>	<b>-</b>	<b>925,044</b>	<b>29,043</b>	<b>1,109,816</b>	<b>595,206</b>	<b>185,584</b>	<b>-</b>	<b>2,844,693</b>
<b>Net book value</b>								
At 1 January 2023	1,688	2,364,194	14,247	238,148	68,300	299,485	6,828	2,992,890
At 31 December 2023	1,688	2,314,069	10,041	276,414	128,271	125,337	105,765	2,964,585
<b>2022</b>	<b>Land</b>	<b>Building</b>	<b>Plant</b>	<b>Furniture &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Work In Progress</b>	<b>Total</b>
Cost	Land	Building	Plant	Furniture & Fittings	Computer Equipment	Motor Vehicles	Work In Progress	Total
At 1 January 2022	1,688	3,224,495	43,520	1,289,476	621,775	527,889	5,115	5,713,959
Additions during the year	-	9,482	12,821	12,821	1,413	35,429	1,713	60,858
Reclassification	-	-	(9,482)	(12,821)	(1,413)	(35,429)	-	(59,145)
<b>At 31 December 2022</b>	<b>1,688</b>	<b>3,224,495</b>	<b>43,520</b>	<b>1,289,476</b>	<b>621,775</b>	<b>527,889</b>	<b>6,828</b>	<b>5,715,671</b>
<b>Accumulated depreciation</b>								
At 1 January 2022	-	795,778	35,309	1,020,537	527,970	204,298	-	2,583,892
Charge for the year	-	64,523	3,448	52,672	25,925	59,532	-	206,100
Disposals during the year	-	-	(9,484)	(21,881)	(420)	(35,426)	-	(57,211)
<b>At 31 December 2022</b>	<b>-</b>	<b>860,301</b>	<b>29,273</b>	<b>1,051,328</b>	<b>583,475</b>	<b>228,404</b>	<b>-</b>	<b>2,722,781</b>
<b>Net book value</b>								
At 1 January 2022	1,688	2,428,717	8,211	268,939	93,805	323,591	5,115	3,130,066
At 31 December 2022	1,688	2,364,194	14,247	238,148	68,300	299,485	6,828	2,992,890

There were no contractual commitments for the acquisition of property and equipment as at 31 December 2023 (December 2022: Nil). There were no items or encumbrances on any of the property and equipment during the year (December 2022: Nil). The capital work in progress relates to the value of renovation of the head office building in Abuja. The renovation was completed during the year and was reclassified to building category.

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2022: Nil).

All classes of property and equipment are non-current.

**NOTES TO THE FINANCIAL STATEMENTS**  
*In thousands of Nigerian Naira*

**NOTES TO THE FINANCIAL STATEMENTS**  
*In thousands of Nigerian Naira*

22 Intangible assets 2023	Computer Software	Total
Cost		
At 1 January 2023	410,277	410,277
Additions for the year	35,338	35,338
Disposals	(15,126)	(15,126)
At 31 December 2023	<b>430,489</b>	<b>430,489</b>
Amortisation		
At 1 January 2023	242,004	242,004
Charge for Year	62,841	62,841
Disposals	(15,126)	(15,126)
At 31 December 2023	<b>289,719</b>	<b>289,719</b>
Net book value - 1 January 2023	<b>168,273</b>	<b>168,273</b>
Net book value - 31 December 2023	<b>140,770</b>	<b>140,770</b>
2022		
Cost		
At 1 January 2022	335,030	335,030
Additions for the year	139,022	139,022
Disposals	(64,675)	(64,675)
At 31 December 2022	<b>410,277</b>	<b>410,277</b>
Amortisation		
At 1 January 2022	270,420	270,420
Charge for Year	30,239	30,239
Write-offs	(64,675)	(64,675)
At 31 December 2022	<b>242,004</b>	<b>242,004</b>
Net book value - 1 January 2022	<b>65,510</b>	<b>65,510</b>
Net book value - 31 December 2022	<b>168,273</b>	<b>168,273</b>
The intangible assets represent computer software which was purchased from third parties.		
There were no capitalised borrowing costs related to the acquisition of software during the year (December 2021: nil).		
23 Right of use assets		
The Bank has lease contracts for rented properties (land and building) with lease terms above 2 years. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:		
Cost	2023	2022
As at 1 January	117,594	117,594
Additions	104,101	-
As at 31 December	<b>221,695</b>	<b>117,594</b>
Depreciation		
As at 1 January	61,529	42,018
Depreciation for the year	38,787	19,511
As at 31 December	<b>100,316</b>	<b>61,529</b>
Carrying amount as at 31 December	<b>121,379</b>	<b>56,065</b>
The expense for low value item is N5.67million (2022: N9.50 million).		



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Debt securities issued and other borrowed funds

		2,023	2,022
		N'000	N'000
Export Stimulation loan	24.1	7,033,764	6,971,494
Loan from ADB/FGN	24.2	486,121	468,741
6% CBN Perpetual Debenture	24.3	1,244,031	1,262,241
Export Development loan	24.4	140,168,551	140,149,435
Loan from NESF/FGN/CBN	24.5	2,690,955	3,331,239
Loan from NCDMB	24.6	45,960,263	23,261,522
		<u>197,583,685</u>	<u>175,444,672</u>

Movements in debt securities issued and other borrowed funds

At beginning of the year	175,444,671	144,717,510
Additions	-	39,472,274
Principal repayment	(693,743)	(425,000)
Interest accrued	3,437,395	2,612,354
Interest paid	(2,885,138)	(9,607,457)
Foreign exchange loss/(gain) on NCDMB Fund Revaluation	22,280,500	(1,325,000)
At the end of the year	<u>197,583,685</u>	<u>175,444,671</u>

- 24.1 This relates to a loan granted to the Bank by the Ministry of Finance Incorporated at an annual interest rate of 1% in 2011 and repayment should be N1 billion per year after the expiration of the 5 year tenure of the loan. This loan is in default as there has been no repayment of the loan since inception of the facility. The Bank is currently engaging with Ministry of Finance for restructuring the repayment terms of the loan.
- 24.2 This relates to a loan initially obtained from African Development Bank (AfDB) under AfDB Export Stimulation loan being managed on behalf of the Federal Government of Nigeria ("FGN"). However, the loan has been fully paid by the FGN, therefore the balance on the account becomes payable to FGN by the Bank. The Bank accrues for the interest at the rate of 9% per annum as time value of money in respect of the balance until it is repaid.
- 24.3 This represents amount taken over by NEXIM Bank at its inception in 1991 from the Central Bank of Nigeria (CBN) on the export credit Rediscouning and Refinancing Facility (RRF) Scheme extended to exporters through participating banks. The amount involved is both the debt instruments and bank balances which got transferred to NEXIM Bank by the CBN. The seed fund was called CBN Perpetual Debenture with a coupon rate of 8% which was subsequently reduced to 6% per annum. The interest is payable quarterly while the principal sum is repayable to CBN on demand. Modification gains/losses were computed and considered immaterial.
- 24.4 During 2018, the Central Bank of Nigeria granted a 50 billion Naira debenture with 2% coupon rate for 15 years to the Bank. This facility is to be disbursed to qualified export oriented enterprises which are duly registered or incorporated in Nigeria and have satisfactory credit report format in at least two credit banks. The loan facility shall be used for acquisition of plant and machinery for development of plantation for non-oil export business and working capital of non-oil export. The interest is due on quarterly basis on the aggregate principal amount of the facility. CBN granted NEXIM bank a reduction in interest rate to 1% as a COVID-19 palliative between 1 March 2020 and 28 February 2021. An additional facility was granted by Central Bank of Nigeria in 2020 for 15 years. The interest rate is 1% in 2020. Modification gains/losses were computed and considered immaterial.
- 24.5 During 2021, The Non-Oil Export Stimulation Facility (NESF), which was introduced by the Central Bank of Nigeria to diversify the revenue base of the economy and to expedite the growth and development of the non-oil export sector. The facility was created to help redress the declining export financing and reposition the sector to increase its contribution to economic development. Eligible borrowers/beneficiaries are required to apply through the designated PFIs (Participating Financial Institution), which are mainly the i. Deposit Money Banks (DMBs) and ii. The Development Finance Institution (DFIs). PFIs are required to submit application to CBN on behalf of its customers in the prescribed format, and in case of loan syndication, the lead bank shall submit application on behalf of other banks. The term loans under the facility shall not exceed 70% of verifiable total cost of the project subject to a maximum of N5 billion, for a tenor of up to 10 years and shall not exceed the 31st December, 2027. Working capital/stocking facility shall be for one year with the option of roll-over once subject to the approval of CBN. The facility shall be granted at an all-inclusive interest rate of 9% per annum, after a moratorium of 1 year. The repayments of principal and interest shall be quarterly and in accordance with the agreed repayment schedule. On CBN circular memo to all banks-FPR/DIR/PUB/CIR/01/001 dated 3 March 2021, Central bank of Nigeria reduced the interest rates on the CBN intervention facilities from 9% to 5% per annum for one year effective March 1, 2020 as part of measures to mitigate the negative impact of Covid-19 pandemic on the Nigerian economy, and extended the facilities by another twelve (12) months to February 28, 2022.
- 24.6 During 2021, Nigeria Content Development and Monitoring Board (NCDMB) entered into a fund management agreement with NEXIM bank to disbursement and managed an intervention fund created by the agency (NCDMB). The fund is categorised into two disbursement of USD\$30 million & USD\$20 million, totaling USD\$50 million. (a) USD\$30 million NCDMB Fund- The intervention fund is created for the purpose of providing working capital and capacity building loan to eligible beneficiaries within the parameters specified in the loan agreement for this facility, to finance Nigerian oil service providers in the Nigerian oil and gas industry. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$1,000,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB.(b) USD\$20 million NCDMB Fund- The intervention fund is created for entity which is owned by women who are either entrepreneurs in the Oil and Gas industry holding majority shareholding (51%) in the obligor-company or part of Management whereby a minimum of 50% are women and has been granted a loan facility under this Agreement to carry out services connected to the Nigeria Oil and Gas Industry, including manufacturing activities, contract execution etc. The loan eligibility criteria and authority to approve and reject any proposal is vested in NEXIM with concurrence from NCDMB. The maximum single obligor threshold is USD\$500,000 or equivalent in naira at the official exchange rate subsisting on the day of disbursement unless otherwise reviewed in writing by NCDMB. The interest shall be payable on the disbursed portion of the loan at the rate of 5% per annum for USD facility and 8% on naira facility and the rate shall remain fixed throughout the tenor of the facility unless otherwise advised by NCDMB.

NOTES TO THE FINANCIAL STATEMENTS

25 Other liabilities

		2023	2022
		N'000	N'000
<b>Other financial liabilities</b>			
Accrued expenses		1,217,457	523,779
Accounts payable and sundry creditors		3,863,657	4,045,239
Transformation grant	25.1	10,217	10,217
Ministry of Finance Incorporated-Political Risk/Guarantee Fund	25.3	7,213,123	5,293,214
Lease liability		109,339	53,280
Deposit For Export Promotion Fund	25.2	3,930,247	3,004,280
		<b>16,344,040</b>	<b>12,930,009</b>
<b>Non-financial Liabilities</b>			
Post-employment pension (defined contribution plans)		499,699	488,256
		<b>16,843,739</b>	<b>13,418,265</b>

- 25.1 Transformation grant is the outstanding balance of the funds given to the Bank by the Federal Government to rebrand the Bank as part of the Bank's corporate transformation.
- 25.2 This balance relates to 30% of the 7% import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the provision of export credit insurance on political risk component of country risk and non-funded facilities by way of provision of guarantee instruments. This is non-interest bearing.
- 25.3 This balance relates to the outstanding balance from 70% of the 7% import duty surcharge remitted by the Federal Ministry of Finance to the Bank to facilitate the promotion and awareness of export activities. This is non-interest bearing.

26 Employee benefit obligations

Retiree Fund

The Retiree fund consists of the old NEXIM pension scheme before the introduction of the defined contribution scheme by the federal government of Nigeria. A fund is set aside by NEXIM to compensate retirees after retirement. The fund is usually managed by a board of trustees within the bank before it is ceded to custodians (PFC) to manage. Operations of the fund are still being overseen by the Bank's Board of Trustees. The plan's assets are held separately from those of the Bank in a fund under the control of trustees. Retirees under this plan are the active staff of the bank before the introduction of the defined contribution plan who voluntarily decided not to transfer to the contributory scheme.

Gratuity Plan

The Gratuity plan defines an amount of gratuity benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary.

For executive directors, they are entitled to 3.5 times of their annual base pay and 30% base pay for target performance to be paid at the expiration of each five (5) year tenor irrespective renewal or otherwise.

A full actuarial valuation by a qualified independent actuary is carried out every year.

The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of government bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

Legacy fund represents funds invested by the Bank on behalf of Pension Fund under the erstwhile defined benefit pension scheme in 2005. Payments are made in monthly to the beneficiaries of the fund.

The Bank's planned assets are warehoused with Premium pensions, Access pensions and Trustfund pensions. The gratuity plan is warehoused majorly with premium pensions and trustfund pensions.

The Bank's gratuity plan is payable to retiring staff who have put in a minimum of 5 years in service at the Bank. The amount shall progress by 8% per annum for each completed year of service after the first five years, and up to a maximum of 340% for 35 years of service. Staff who have not put in up to 5 years of service but have put in a minimum of three (3) years are entitled to payment of gratuity based on 50% of their annual basic salary and allowance.

For executive directors, they are entitled to a severance allowance after the expiration of each five (5) year tenor. In 2022, the current executive directors completed their five (5) year tenor and were paid a sum of N1.88bn as severance allowance. See note (b) below for details.

26.1 Net employee defined benefit assets

In thousands of naira	2023	2022
Defined benefit pension plan (See note (a) below)	464,470	523,506
Gratuity plan (See note (a) below)	4,317,159	3,311,845
Defined benefit obligation	(1,927,299)	(1,471,608)
	<b>2,854,330</b>	<b>2,363,743</b>

(a) In thousands of naira	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
Defined benefit obligations	(542,227)	(403,865)	(1,385,070)	(1,067,743)
Fair value of plan assets	464,470	523,506	4,317,159	3,311,845
<b>Retirement benefit (liabilities)/assets</b>	<b>(77,757)</b>	<b>119,641</b>	<b>2,932,089</b>	<b>2,244,102</b>

(b) Payments From Defined Benefit Obligation	Balance before payments	Payments	Balance after payments
	<i>In thousands of naira</i>		
Defined Benefits Pension Plan	(542,227.00)		(542,227)
Gratuity Plan	(2,049,626)	122,327	(1,927,299)
		<b>122,327</b>	<b>(2,469,526)</b>

During the year the Bank made gratuity payments amounting to N122 million to 12 ex-staff.

NOTES TO THE FINANCIAL STATEMENTS

26.2 Net interest (recognised under personnel expenses)

In thousands of naira

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
Current service cost	6,068	1,075	279,738	205,812
Interest cost on benefit obligation	50,183	55,115	179,712	255,015
Interest income on assets	(67,440)	(65,653)	(322,090)	(384,949)
<b>Net interest</b>	<b>(11,189)</b>	<b>(9,463)</b>	<b>137,360</b>	<b>75,878</b>

26.3 Net remeasurement gains/(losses) recognised in other comprehensive income

In thousands of naira

	2023	2022
Defined benefit pension plan (See note (a) below)	(208,587)	39,020
Gratuity plan (See note (a) below)	825,346	(16,829)
	616,759	22,191

In thousands of naira

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
<b>(a) Remeasurement gains</b>				
Remeasurement (losses)/gains on defined benefit obligation	(217,767)	55,079	19,796	65,661
Remeasurement losses on plan assets	9,180	(16,059)	805,550	(82,490)
<b>Net remeasurement losses in OCI</b>	<b>(208,587)</b>	<b>39,020</b>	<b>825,346</b>	<b>(16,829)</b>

The factors contributed to the net actuarial loss above are as follows:

26.4 Changes in the present value of the defined benefit obligation are as follows:

In thousands of naira

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
Opening defined benefit obligations	(403,865)	(448,603)	(1,067,743)	(2,783,248)
Current service cost	(6,068)	(1,075)	(279,738)	(205,812)
Interest cost	(50,183)	(55,115)	(179,712)	(255,015)
Remeasurement (losses)/gains on obligations	(217,767)	55,079	19,796	65,661
Benefits paid	135,656	45,849	122,327	2,110,671
<b>Closing defined benefit obligations</b>	<b>(542,227)</b>	<b>(403,865)</b>	<b>(1,385,070)</b>	<b>(1,067,743)</b>

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

The following payments are expected contributions to the defined benefit plan in the future:

In thousands of naira

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
Between 1 and 10 years	(77,757)	119,641	2,932,089	2,244,102
	<b>(77,757)</b>	<b>119,641</b>	<b>2,932,089</b>	<b>2,244,102</b>

26.5 Changes in fair value of plan assets are as follows:

In thousands of naira

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
Opening fair value of plan assets	523,506	520,836	3,311,845	2,958,809
Interest income	67,440	65,653	322,090	384,949
Employer contribution	-	-	-	173,239
Benefits paid	(135,656)	(46,924)	(122,327)	(122,662)
Remeasurement (losses)/gains on plan assets	9,180	(16,059)	805,550	(82,490)
<b>Closing fair value of plan assets</b>	<b>464,470</b>	<b>523,506</b>	<b>4,317,159</b>	<b>3,311,845</b>
<b>Actual return on the plan assets</b>	<b>76,620</b>	<b>49,594</b>	<b>1,127,640</b>	<b>302,459</b>

The net benefit asset arising from the defined benefit obligation and the plan asset represents present value of economic benefit available in form of reduction in future contribution. Management has assessed if there is asset ceiling by comparing the present value of those future benefits with the surplus in the defined benefit plan. The latter was lower than the former, hence no need for asset ceiling.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

NOTES TO THE FINANCIAL STATEMENTS

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
	%	%	%	%
Fixed term deposit	-	-	-	-
Federal Government Securities	54.57	54.57	42.37	42.37
State Government Bonds	-	-	1.49	1.49
Money market instruments	19.14	19.14	40.56	40.56
Commercial papers	-	-	-	-
Corporate bonds	22.28	22.28	5.31	5.31
Equities	4.01	4.01	0.40	0.40
Promissory notes	-	-	8.42	8.42
Uninvested cash	-	-	1.51	1.51
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The principal assumptions used in determining pension obligations for the Bank's plan are shown below:

	Defined Benefit Pension plan		Gratuity Plan	
	2023	2022	2023	2022
	%	%	%	%
Discount rate	13.20	13.20	14.30	14.30
Salary Increase Rate	6.00	6.00	6.00	6.00
Net pre-retirement rate	6.79	6.79	7.83	7.83
Expected return on assets	<b>13.20</b>	<b>13.20</b>	<b>14.30</b>	<b>14.30</b>

26.6 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

In thousands of naira

Defined Benefit Pension plan	Mov	2023		2022	
		Base DBO ('000)	DBO on changed assumptions ('000)	% Change	DBO on changed assumptions ('000)
Discount rate	+1%	542,227	510,701	-5.8%	(377,665)
	-1%	542,227	575,997	6.2%	432,137
Pension increase	+1%	542,227	579,077	6.8%	434,283
	-1%	542,227	507,406	-6.4%	(375,320)
Mortality rate	+1 yr	542,227	531,304	-2%	(395,346)
	-1 yr	542,227	552,835	2%	412,170

Gratuity Plan	Mov	2023		2022	
		Base DBO ('000)	DBO on changed assumptions ('000)	% Change	DBO on changed assumptions ('000)
Discount rate	+1%	1,385,071	1,316,007	-5.0%	(3,115,893)
	-1%	1,385,071	1,461,045	5.5%	3,248,034
Salary Increase	+1%	1,385,071	1,473,854	6.4%	3,257,947
	-1%	1,385,071	1,303,707	-5.9%	(3,106,396)
Mortality rate	+1 yr	1,385,071	1,387,821	0.2%	3,108,649
	-1 yr	1,385,071	1,382,597	-0.2%	(3,176,406)

**NOTES TO THE FINANCIAL STATEMENTS**

**27 Share capital and reserves**

	2023	2022
	N'000	N'000
Issued and fully paid ordinary shares 50,000,000 at N1 each (2023: 50,000,000 at N1 each)	50,000,000	50,000,000
	2023	2022
	N'000	N'000
At 1 January	50,000,000	49,912,571
Paid during the year:		
Ministry of Finance Incorporated (MOFI)	-	87,429
<b>At 31 December</b>	<b>50,000,000</b>	<b>50,000,000</b>

In line with the provision of the NEXIM Act, the shareholding is equally shared between the Ministry of Finance Incorporated and Central Bank of Nigeria. The statutory share allocation is being paid over time.

**Retained earnings**

Retained earnings are the carried forward profit and losses from previous years plus current profit attributable to shareholders less any dividends declared and transfers to other reserves.

**Dividends**

There was no dividend paid during the year ended 2023 (2022: Nil).

**Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of equity instruments measured at fair value through other comprehensive income until the investment is derecognised.

**Other reserve**

The other reserve represents the reserves created to cater for the fund maintained for the export guarantee activities of the Bank. This reserve is a voluntary reserve transferred out of retained earnings. The underlying fund is invested in the Stanbic IBTC Equity Fund and FSDH Coral Fund.

**Regulatory risk reserve**

The regulatory risk reserve includes the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines and the impairment loss computed using the expected credit loss model on loans and advances under IFRS. While the impairment loss model computed under IFRS is charged to profit or loss, the excess of regulatory impairment loss over the impairment loss computed using expected loss model is warehoused here.

**Statement of Prudential adjustments**

In line with the same directive of the CBN, the Bank compared the provision based on the prudential guidelines with impairment under IFRS for year. See analysis below:

*in thousands of naira*

	2023	2022
Total impairment based on IFRS	28,617,998	23,431,743
Total impairment based on Central Bank of Nigeria's Prudential Guidelines	(40,966,539)	(61,316,853)
<b>Regulatory risk reserve</b>	<b>(12,348,541)</b>	<b>(37,885,110)</b>
	2023	2022
<b>in thousands (unit/share)</b>		
At 1 January	37,885,110	22,345,869
Transfer to retained earnings	(25,536,569)	15,539,241
<b>At 31 December</b>	<b>12,348,541</b>	<b>37,885,110</b>

**Other reserve**

The other reserve represents the reserves created to cater for the fund maintained for the export guarantee activities of the Bank. This reserve is a voluntary reserve transferred out of retained earnings. The underlying fund is invested in the Stanbic IBTC Equity Fund and FSDH Coral Fund.

NOTES TO THE FINANCIAL STATEMENTS

**28 Cash and cash equivalents for the purpose of statement of cash flows**

	2023	2022
	N'000	N'000
Cash on hand	24,219	21,587
Cash in bank	9,185,088	12,656,538
Placement with banks	100,903,428	65,226,614
	<b>110,112,735</b>	<b>77,904,739</b>

**29 Related party disclosures**

**Compensation to key management personnel of the Bank**

Key management personnel is defined as members of the Board of Directors of the Bank.

**Compensation**

	2023	2022
	N'000	N'000
Short-term employee benefits	348,800	348,800
Retirement benefit costs	142,233	142,233
	<b>491,033</b>	<b>491,033</b>

Non-executive directors do not receive pension entitlements from the Bank.

**Chairman and Directors' emoluments**

	2023	2022
	N'000	N'000
Fees:		
Chairman	10,543	10,543
Other directors	96,861	96,861
	<b>107,404</b>	<b>107,404</b>
Emoluments as executives	331,083	331,083
	<b>438,487</b>	<b>438,487</b>
Highest paid director	121,560	121,560

**Number of Directors (excluding the chairman) with the following emolument range were:**

	2023	2022
	Number	Number
N6,000,001 - N6,900,000	3	3

**Information on employees**

Average number of persons employed in the financial year and the related staff costs were as follows:

	2,023	2,022
	N'000	N'000
Managerial	1	26
Senior staff	2	138
Junior staff	12	39
	<b>15</b>	<b>203</b>

The related staff costs, salaries and allowances and pension amounted to N3.468 billion (2021: N2.038 billion)

**The average gross salaries range and number of persons employed (excluding directors) in the Bank during the year.**

	2023	2022
	Number	Number
N1,800,001 - N2,600,000	-	7
N2,600,000 - N3,500,000	-	17
N3,500,001 - N4,000,000	3	81
N4,000,001 - N5,000,000	8	33
N5,000,001 - N6,000,000 & above	4	65
	<b>15</b>	<b>203</b>

**NOTES TO THE FINANCIAL STATEMENTS**

Key management personnel and their immediate relatives engaged in the following transactions with the Bank during the year:

	<b>2023</b>	<b>2022</b>
	<b>N'000</b>	<b>N'000</b>
Loans and advances	2,198,901	2,198,900
Interest income earned during the year	277,488	179,455
	<b>2,476,389</b>	<b>2,378,355</b>

The Bank has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances with (a) a government that has control and significant influence over the Bank (b) another entity that is a related party because the same government has control or significant influence over both the Bank and the other entity.

**30 Contingent liabilities and commitments**

The Directors are of the opinion that all known liabilities and commitments, which are relevant in the assessment of the state of financial affairs of the Bank, have been taken into consideration in the preparation of the financial statements.

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of undrawn commitments to lend. There was no undrawn commitment as at the year end.

Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

Letters of guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. There is no letters of guarantees as at the year end.

During the year, there is no contingent liabilities that require disclosure (as none of these meet the definition in IAS 37).

**Legal claims**

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the reporting date, the Bank is involved in various litigation suits in the ordinary course of its business. The actions are being contested and the Directors are of the opinion that none of the cases are likely to have a material adverse effect on the Bank.

The Bank, in its ordinary course of business, is presently involved in 34 cases as a defendant (31 December 2022: 21 cases). The total amount claimed in the 34 cases against the Bank is estimated at N2.9 billion (31 December 2022: N3.6 billion).

**31 Event after reporting period**

There were no significant events after the reporting period that requires disclosure or adjustment in the financial statements that has not been adequately provided for or disclosed.



**NOTES TO THE FINANCIAL STATEMENTS**

**32 Cashflow Workings**

	Note	31-Dec 2023 N'000	31-Dec 2022 N'000
<b>(a) Loans and advances to customers</b>			
Opening Balance (net of impairment)	18	146,759,620	131,992,157
Interest Income on Loans to Customers	7	12,990,476	10,258,680
Interest Income on Loans to Staff	7	147,294	151,585
ECL Impairment	9	(4,043,068)	(381,135)
Closing Balance	18	155,826,925	146,759,620
Net Increase Loans and advances		<b>27,397</b>	<b>(4,738,333)</b>
<b>(b) Other assets</b>			
Opening Balance	20	829,952	2,225,723
ECL Impairment Expense	9	(32,359)	(79)
Closing Balance	20	860,138	829,952
Net Increase in other assets		<b>62,545</b>	<b>1,395,850</b>
<b>(c) Accruals and other liabilities</b>			
Opening Balance	25	13,418,265	12,047,641
Closing Balance	25	16,843,739	13,418,265
Additions to lease liability	23	-	-
Net Increase/(Decrease) in other liabilities		<b>3,425,474</b>	<b>1,370,624</b>
<b>(d) Proceeds on disposal of PPE</b>			
Cost	21	272,458	59,145
Accumulated Depreciation		(137,868)	(67,211)
Net Book Value		134,590	(8,066)
(Loss)/Gain on disposal		(76,205)	3,065
Proceeds on disposal of PPE		<b>58,385</b>	<b>(5,001)</b>

**OTHER NATIONAL DISCLOSURES**

**OTHER NATIONAL DISCLOSURES**

**STATEMENT OF VALUE ADDED**

<b>For the year ended in thousands of naira</b>	<b>31-Dec-2023 N'000</b>	<b>%</b>	<b>31-Dec-2022 N'000</b>	<b>%</b>
Gross earnings	34,808,430	198	17,213,117	176
Interest expense	(3,437,395)	(20)	(2,612,354)	(27)
	<u>31,371,035</u>		<u>14,600,763</u>	
Impairment charges for credit losses	(7,759,516)	(44)	(423,146)	(4)
	<u>23,611,519</u>		<u>14,177,617</u>	
Bought in materials and services	(6,036,171)	(34)	(4,394,906)	(45)
<b>Value added</b>	<u>17,575,348</u>	<u>100</u>	<u>9,782,711</u>	<u>100</u>
<b>Distribution of value added</b>				
<b>To employees:</b>				
Salaries and benefits	4,038,086	23	3,295,545	34
<b>Retained in the business</b>				
For replacement of property and equipment	259,780	1	206,100	2
For replacement of equipment on lease	38,787	0	19,511	0
For replacement of intangible assets	62,841	0	36,259	0
To augment reserves	13,175,854	76	6,225,296	64
	<u>17,575,348</u>	<u>100</u>	<u>9,782,711</u>	<u>100</u>

Value added statements represents the wealth created by the efforts of the Bank and its employees' efforts based on ordinary activities and allocation of that wealth being created between employees, shareholders, and that retained for the future creation of more wealth.

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY

Bank	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
	N'000	N'000	*Restated N'000	N'000	N'000
<b>Statement of financial position</b>					
<b>ASSETS</b>					
Cash and bank balances	9,206,600	12,675,746	4,144,907	6,171,177	3,920,602
Due from banks	97,098,064	64,991,028	51,441,369	60,262,271	32,095,639
Loans and advances to customers	155,826,925	146,759,620	131,992,157	85,706,366	62,992,804
Equity instruments at FVOCI	32,269,084	6,572,584	6,034,777	5,263,265	4,557,279
Debt instrument at amortised cost	-	-	-	-	437,759
Property, plant and equipment	2,961,585	2,992,890	2,675,601	2,485,702	2,388,530
Intangible assets	140,770	168,273	65,510	97,592	102,916
Right of use asset	121,379	56,065	75,576	14,753	31,786
Net employee defined benefit assets	2,854,330	2,363,743	247,794	263,709	53,135
Other assets	860,138	829,952	2,225,723	1,007,596	691,371
<b>TOTAL ASSETS</b>	<b>301,338,875</b>	<b>237,409,901</b>	<b>198,903,414</b>	<b>161,272,431</b>	<b>107,271,821</b>
<b>LIABILITIES</b>					
Debt securities issued and other borrowed funds	197,583,685	175,444,672	144,717,510	112,067,341	64,491,388
Other liabilities	16,843,739	13,418,265	12,047,641	11,532,195	7,905,528
<b>TOTAL LIABILITIES</b>	<b>214,427,424</b>	<b>188,862,937</b>	<b>156,765,151</b>	<b>123,599,536</b>	<b>72,396,916</b>
<b>NET ASSETS</b>	<b>86,911,451</b>	<b>48,546,964</b>	<b>42,138,263</b>	<b>37,672,895</b>	<b>34,874,905</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	50,000,000	50,000,000	49,912,571	49,912,572	49,912,571
Retained earnings	(3,258,173)	(42,587,355)	(33,295,601)	(44,881,342)	(52,773,743)
Regulatory risk reserve	12,348,543	37,885,112	22,345,871	30,198,605	35,949,500
Fair value reserve	27,321,081	2,749,207	2,675,422	1,943,060	1,286,577
Other reserve	500,000	500,000	500,000	500,000	500,000
<b>SHAREHOLDERS' FUNDS</b>	<b>86,911,451</b>	<b>48,546,964</b>	<b>42,138,263</b>	<b>37,672,895</b>	<b>34,874,905</b>
<b>Income statement</b>					
	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
	N'000	N'000	N'000	N'000	N'000
Gross earnings	34,808,430	17,213,117	14,280,492	8,583,642	10,577,492
Interest expenses	(3,437,395)	(2,612,354)	(1,117,899)	(858,702)	(1,332,537)
Credit loss expense/impairment charges	(7,759,516)	(423,146)	(2,327,421)	(1,328,587)	(2,523,358)
<b>Profit for the year</b>	<b>13,175,854</b>	<b>6,225,296</b>	<b>4,129,965</b>	<b>2,628,997</b>	<b>2,059,644</b>

